

U.S. Military Operation Against Venezuela and Its Implications for Global Energy Dynamics

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The year 2026 has begun with an event that has sent shockwaves across the international community. On the night of January 2 (local time), U.S. special forces and other military units executed a military operation targeting Caracas, the capital of Venezuela, and other strategic locations. During this operation, Venezuelan President Nicolás Maduro and his spouse were apprehended and transported to the United States to stand trial. On January 3, President Donald Trump announced the success and outcomes of the mission, condemning the Maduro regime for its oppressive governance, human rights violations, and alleged involvement in narcotics trafficking. President Maduro, now in custody, is expected to face trial in New York on charges related to narcotics smuggling and others.

It was widely recognized that under President Trump, the United States and Venezuela had entered a period of deepening confrontation and heightened tensions. Since the latter half of last year, Washington had vocally condemned the influx of narcotics from Venezuela, accusing the Maduro regime of complicity in drug trafficking. In response, the United States launched military strikes against vessels suspected of smuggling narcotics and facilities believed to be linked to drug operations. The Maduro government, in turn, intensified its defiance toward the United States, further aggravating bilateral tensions. Nevertheless, few could have foreseen the audacious course of action that unfolded: a large-scale military operation conducted by U.S. special forces in the Venezuelan capital itself, culminating in the capture of a sitting head of state and his transfer abroad—to the United States. Such a bold and unprecedented maneuver was almost entirely beyond prior expectations by many.

While the Maduro regime's oppressive governance, human rights violations, and alleged involvement in narcotics trafficking are undeniably serious concerns, the legitimacy and propriety of the military operation itself have become subjects of intense debate both within the United States and internationally. Beyond the methods and procedural aspects, the most critical question is whether this operation constitutes a violation of national sovereignty and an infringement of international law. Within Venezuela, where the sitting president has been detained, strong anti-U.S. sentiment has emerged, accompanied by demands for Maduro's release. At the same time, interim president Rodríguez has signaled a willingness to engage in dialogue with Washington. Other Latin American nations, many of which maintain tense relations with the Trump administration, have condemned the operation while adopting a cautious posture, closely monitoring U.S. actions. Domestically, criticism of the Trump administration—particularly from the Democratic Party and its supporters—has intensified. It is evident that the interpretation and evaluation of this military intervention will be widely debated from multiple perspectives in the coming weeks and months.

As numerous experts have pointed out, regardless of the underlying rationale, the United States' direct application of military power—an action that could be perceived as a “forceful alteration of the status quo”—raises serious concerns about potential adverse effects on global stability. It is essential

to maintain close observation of the potential ramifications that this military operation may have on the overall international landscape and on geopolitical dynamics.

Given Venezuela's position as one of the world's leading oil-producing nations, the potential impact of this military operation—and its subsequent developments—on international energy dynamics has drawn significant attention. The future trajectory of Venezuela's political and economic situation remains highly uncertain, making any attempt at forecasting exceedingly difficult. Nevertheless, in what follows, I will offer my personal observations and examine the implications for global energy markets from two key perspectives.

The first point of analysis concerns the short-term impact on crude oil prices arising from the geopolitical risk represented by the execution of this military operation. When geopolitical risk occurs in relation to a major oil-producing country, a critical supply source, or a key transportation route within the international petroleum market, it generally exerts upward pressure on crude prices—assuming other conditions remain constant. Under the current market structure, where prices are primarily determined through oil futures trading, market participants tend to incorporate anticipated supply uncertainties into their purchasing decisions as soon as such risks materialize. The more unexpected and severe the geopolitical risk, the more aggressively traders price in potential disruptions. Consequently, crude oil prices often rise before any actual supply interruption occurs.

In the aftermath of the U.S. military operation against Venezuela, the first trading day—January 5—saw WTI crude oil prices rise by \$1 from the previous session, reaching \$58.32 per barrel. This clearly indicates that market participants reacted to the perceived geopolitical risk. However, even when an unexpected and significant geopolitical event occurs, the market quickly reassesses its implications. Once traders recognize that such an event does not necessarily entail large-scale or prolonged disruptions to oil supply, market sentiment shifts dramatically. Subsequently, on January 6 and 7, crude prices continued to decline, with WTI falling to \$55.99 per barrel. Another critical point regarding the influence of geopolitical risk is that its impact on prices becomes pronounced only when underlying supply-demand conditions are tight and prices are trending upward. Conversely, when the market is characterized by ample supply and softening prices, as is currently the case, “geopolitical risk” without actual supply disruption exerts only a limited effect on crude prices. Today's international oil market remains fundamentally well-supplied, with downward pressure on prices prevailing. Therefore, while the Venezuelan situation briefly injected tension into the oil market, it appears that conditions have largely reverted to their prior state.

Another noteworthy factor affecting crude oil prices is President Trump's social media announcement suggesting the following content that Venezuela will transfer 30 to 50 million barrels of oil to the United States, which will then be sold and utilized for the benefit of both Venezuela and the United States. At present, the specifics and the details of how this “transfer,” “sale,” and “fund management” will be implemented remain unclear. From an operational standpoint, numerous practical challenges appear likely. Nevertheless, the market seems to interpret this statement as an indication that Venezuelan oil supply to the international market will continue—and perhaps even expand. This perception may, in turn, exert additional downward pressure on crude oil prices.

The second point I wish to highlight concerns the growing attention to Venezuela's potential for expanding oil production from a medium- to long-term perspective. Venezuela is the world's largest holder of proven recoverable oil reserves—approximately 303.8 billion barrels, accounting for 18% of global share, predominantly heavy crude. This position was achieved after previously excluded unconventional resources were added to the category, surpassing Saudi Arabia. However, in stark

contrast to its vast resource base, Venezuela's oil production remains extremely low. As of 2024, output stood at 960,000 barrels per day (EI Statistical Review of World Energy), representing only about 1% of global oil production. Prolonged friction with the United States, the impact of economic sanctions, the nationalization of the oil industry since the Chávez era, and the withdrawal of foreign investment have all exerted negative effects, driving a long-term decline from over 3.3 million barrels per day in 2006.

Following the military operation, President Trump articulated a plan to restore Venezuela's oil infrastructure by leveraging foreign capital—particularly U.S. oil companies—with the objective of unlocking the country's vast hydrocarbon endowment. The underlying premise is that, with the injection of substantial financial resources, Venezuelan oil could once again return to the market at scale. When this proposal was first presented, reporting and commentary appeared to register a degree of “expectation” and “possibility” surrounding a revival of Venezuela's oil industry. However, as time has passed, analyses increasingly underscore the considerable challenges and complexities inherent in this vision.

From my own standpoint, the revival of Venezuela's oil industry represents a formidable challenge—one that, even in the event of eventual success, will require a prolonged, sustained effort over many years. As noted earlier, in the wake of the nationalization trend that has prevailed since the 2000s, the country's oil-related infrastructure has undergone continuous deterioration. Moreover, PDVSA—the state-owned oil company that constitutes the core of Venezuela's petroleum sector—has suffered a pronounced exodus of skilled personnel, resulting in a severe “industrial hollowing-out.” It is precisely for these reasons that the introduction of foreign capital, technology and investment is viewed as a potential trump card. However, from the vantage point of external investors, business risks in Venezuela—when considered against the backdrop of political stability and the state of relations with the United States—are typically judged to be excessively high. Unless “exceptionally favorable” terms are proffered, the magnitude of these risks will likely remain a major barrier to private-sector participation at scale. That said, reassessing the future trajectory of Venezuela's oil industry has undoubtedly emerged as a critical new lens through which to interpret global energy dynamics. Developments in this domain merit close, ongoing attention.

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